

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Kings Arco Arena Limited Partnership is a business entity engaged in the sports and entertainment facility business, located in Sacramento, California.

In 2003, during the second semi-annual campaign reporting period of July 1, 2003 through December 31, 2003, Respondent made \$110,000 in political contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. In addition, as Respondent’s contribution activity exceeded \$50,000 for the calendar year, Respondent was also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

In this case, Respondent made a late contribution prior to the October 7, 2003 statewide special election, which it failed to timely disclose in a properly filed late contribution report, thereby committing a violation of the Act. Respondent also failed to timely file the late contribution report electronically, thereby committing an additional violation of the Act.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

COUNT 1: Respondent Kings Arco Arena Limited Partnership failed to disclose a \$100,000 late contribution to the “California Against the Costly Recall” committee in a properly filed late contribution report, by the September 23, 2003 due date, in violation of section 84203, subdivision (a).

COUNT 2: Respondent Kings Arco Arena Limited Partnership failed to disclose a \$100,000 late contribution to the “California Against the Costly Recall” committee in an electronically filed late contribution report, by the September 23, 2003 due date, in violation of section 84605, subdivision (a).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84605, subdivision (a) requires, beginning July 1, 2000, that major donor committees that make contributions totaling fifty thousand dollars (\$50,000) or more in a calendar year must file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount is met.

Section 84215, subdivision (a) requires all major donor committees supporting statewide candidates and measures to file the committee’s campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

## **SUMMARY OF THE FACTS**

During the second semi-annual campaign reporting period of July 1, 2003 through December 31, 2003, Respondent Kings Arco Arena Limited Partnership made \$110,000 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

### **COUNT 1**

#### **Failure to File a Late Contribution Report**

As a major donor committee, Respondent Kings Arco Arena Limited Partnership had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that it made. The late contribution reporting period for the October 7, 2003 statewide special election

was September 21, 2003 through October 6, 2003.

On September 22, 2003, Respondent Kings Arco Arena Limited Partnership made a contribution of \$100,000 to the “California Against the Costly Recall” committee. As the contribution was made during the late contribution reporting period prior to the October 7, 2003 statewide special election, Respondent was required to disclose the contribution in a late contribution report filed by September 23, 2003. Respondent failed to do so. Respondent disclosed the \$100,000 late contribution made to the “California Against the Costly Recall” committee in a semi-annual campaign statement filed on January 21, 2004, almost four months late.

By failing to file a late contribution report by September 23, 2003, disclosing a \$100,000 late contribution to the “California Against the Costly Recall” committee, Respondent committed a violation of section 84203, subdivision (a).

## COUNT 2

### **Failure to Disclose a Late Contribution Electronically**

As a major donor committee which made contributions of \$50,000 or more in a calendar year, Respondent Kings Arco Arena Limited Partnership had a duty to file all of its required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

On September 22, 2003, Respondent Kings Arco Arena Limited Partnership made a contribution of \$100,000 to the “California Against the Costly Recall” committee and failed to electronically file a late contribution report disclosing the \$100,000 late contribution by the September 23, 2003 due date. Respondent disclosed the \$100,000 late contribution made to the “California Against the Costly Recall” committee in a semi-annual campaign statement filed on January 21, 2004, almost four months late.

By failing to disclose a late contribution in an electronically filed late contribution report by September 23, 2003, with the Office of the Secretary of State, as set forth above, Respondent committed a violation of section 84605, subdivision (a).

## **CONCLUSION**

This matter consists of two counts, which carry a maximum possible administrative penalty of Ten Thousand Dollars (\$10,000).

This case was removed from the Enforcement Division’s Streamlined Late Contribution Enforcement Program in light of the large amount of the untimely disclosed contribution, made during the late contribution reporting period before the October 7, 2003 statewide special election.

The late contribution violations are especially aggravated, due to the large dollar amount of the late contribution and the fact that they were not disclosed in either paper or electronic

format. Imposition of the maximum administrative penalty for each of these two violations is therefore appropriate.

The facts of this case therefore justify imposition of an administrative penalty in the amount of Ten Thousand Dollars (\$10,000).